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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1945

No. 1239

SYLVANIA INDUSTRIAL CORPORATION and
SYLVAN PLASTICS, INC.,
*Petitioners,*

v.

LIBBEY-OWENS-FORD GLASS COMPANY,
*Respondent.*

## BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR CERTIORARI

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### Opinions Below

The opinion of the Court of Appeals for the Second Circuit is reported in 69 U. S. P. Q. 29 and at pages 44-70 of the Record. The opinion of the District Court for the Southern District of New York is reported in 64 F. Supp. 516, 67 U. S. P. Q. 84, and at pages 27-32 of the Record.

### Jurisdiction

Jurisdiction of this Court is invoked under Sec. 240 (a) of the Judicial Code as amended by the Act of February 13, 1925 (28 U. S. C. A. 347).

### Introductory

The proceeding for which review is sought by the petition filed herein is the dismissal by the Court of Appeals for the Second Circuit of an appeal by petitioners from an order of the District Court on the ground that the appeal was taken prematurely. The question presented is thus pro-

cedural in nature and directly involves lack of finality in the type of judgment appealed from, namely, an order of the District Court striking one of the several defenses from petitioners' answer to respondent's complaint and allowing the action to proceed to trial on the remaining issues.

## Argument

### The Lack of Finality in the Judgment Appealed From

In ordinary course one would think there would be little difficulty in determining that the dismissal of one defense from among several to the same claim is not a final disposition of a case. This in fact is the only issue in this cause and is the ground on which the Court of Appeals dismissed petitioners' appeal. In so doing the Court of Appeals specifically held (R. pp. 45-46):

> "An order merely striking one of several defenses and allowing the action to continue for adjudication of the rest would seem as nearly interlocutory as any pleading ruling can ever be; and such has been the universal view, both before the adoption of the new civil rules, United States v. Continental Casualty Co., 2 Cir., 69 F. 2d 107; Rexford v. Brunswick-Balke-Collender Co., 228 U. S. 339, and since, United States v. Florian, 312 U. S. 656, reversing (and restoring the first opinion in) Florian v. United States, 7 Cir., 114 F. 2d 990; Shultz v. Manufacturers & Traders Trust Co., 2 Cir., 103 F. 2d 771; Leonard v. Socony-Vacuum Oil Co., 7 Cir., 130 F. 2d 535; Audi Vision Inc. v. RCA Mfg. Co., 2 Cir., 136 F. 2d 621, 147 A. L. R. 574 (decided by the court now sitting); Oppenheimer v. F. J. Young Co., 2 Cir., 144 F. 2d 387; Toomey v. Toomey, App. D. C., 149 F. 2d 19; and Markham v. Kasper, 7 Cir., 152 F. 2d 270."

The petition filed herein, however, suggests that the above rule should not apply to a patent suit (1) where the defense involved contains allegations of 'patent abuse' and (2) where the losing party later elects to treat that defense not as a defense but as a counterclaim.

In these circumstances we should like to point out that the allegations relative to the alleged patent abuse were so unusual and were so completely restricted to an issue of law that both parties felt that such issue could be summarily disposed of in advance of trial.

The fact is that the patent sued upon contains claims covering the product sold by respondent and also contains claims covering the use of the product. It is to be borne in mind that a patent on a product covers its use as well as its manufacture and sale, and therefore the claims specifically directed to the use cover the same invention as the claims on the product. Despite the fact that only one invention was involved, petitioners have alleged that the mere sale of products so patented, because necessarily giving an implied license under the process claims, involved an abuse of the patent monopoly.

There was no issue of fact. Both sides agreed that the product sold by respondent was covered by the product claims and both sides agreed that the respondent, as an ordinary seller of a commercial product, had not given any general licenses to users other than those always given by sellers of a patented product. The District Court found that this was a normal procedure and not improper.

There was only an issue of law to present to the court and we submit that the simplicity of the facts is a very unusual circumstance. The ordinary case of abuse under the patent laws involves complicated questions of fact and cannot readily be disposed of summarily. There is here, therefore, no situation of general application such that this court should take jurisdiction to establish a particular practice. An appeal from a separate decision on alleged patent abuse is not something that commonly would be sought. It may be years before another case will come up where such an issue of alleged patent abuse can be summarily disposed of in the District Court.

As to petitioners' assertion that its "Third Defense" is not a defense but a counterclaim, it was only later in the Court of Appeals that petitioners took this position in

attempting to establish appealability. On this point the Court of Appeals held (R. p. 49):

> "This is an afterthought not presented below and should not be considered now, *United States* v. *Bennett*, 2 Cir., 152 F. 2d 342, 349, and cases cited, particularly as the allegations are not at all adequate under cases such as *Lances* v. *Letz*, 2 Cir., 115 F. 2d 916, and *McCurrack* v. *Cheney Bros.*, 2 Cir., 152 F. 2d 365, to support a claim for a declaratory judgment."

In concluding that the order in question was not appealable, the Court of Appeals gave extended consideration to petitioners' arguments seeking to make this case an exception to historic Federal policy against piecemeal litigation and recognized that (R. p. 51):

> "Of course, there may be times when a quick appellate decision on a part of the case may be helpful, though one may expect that will rarely be so on the bitterly fought antitrust problems. But the policy is the fruit of experience and embodies a general judgment which is not to be cast aside for an occasional aberrant case. And the policy is more broadly based than merely upon the natural desire for the expeditious and direct way of handling a particular case; for it eschews the whole practice of encouraging appeals on rulings concerning the perfectibility of pleadings and the resulting emphasis upon pleading technicalities which ensues. (Footnote omitted.) And even if there be individual judicial doubts about the policy, it nevertheless seems both desirable and necessary that it be followed; for that is the essence of a procedure *uniform* through the country."

This case, therefore, is one where the Circuit Court of Appeals has rendered a decision on a procedural question in exact accord with applicable decisions of this Court and in accordance with "a Federal policy going back to the early days of the Republic" (R. p. 46).

As to *Reeves* v. *Berdall*, 316 U. S. 283, relied upon by petitioners, the Court of Appeals specifically found (R. p. 47) that "It lends no countenance to the idea that differ-

ing defenses to the *same* claim may be reviewed in piecemeal fashion".

Nor is there present in this case a conflict of decision with other circuits. The Court of Appeals stated that its view of this question was "the universal view" (R. p. 46) and even as to the decision of the Circuit Court of Appeals for the Seventh Circuit in *Jefferson Electric Co.* v. *Sola Electric Co.*, 122 F. 2d 124 (relied upon by petitioners as in conflict but involving a related procedural question and not the specific question herein) the Court of Appeals for the Second Circuit noted that subsequently the Seventh Circuit in *Markham* v. *Kasper*, 152 F. 2d 270, cited and followed the decision of the Second Circuit in *Audi Vision* v. *RCA Mfg. Co.*, 136 F. 2d 621, "and there seems now no dissent from it" (R. p. 51).

**Conclusion**

The course of the proceedings and the methods employed by the Court of Appeals in arriving at their conclusion of non-appealability were in all respects of the character usual and accepted in judicial proceedings. At best the only conflict herein is within the Court of Appeals for the Second Circuit between the majority and minority views on the specific issue of making this case an exception to the general rule and this seems not such a conflict as would make review by the Supreme Court either proper or desirable.

Respectfully submitted,

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New York, New York,
May 24, 1946.